

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Flowerfield	County Saint Joseph
Audit Date 3/31/04	Opinion Date 7/21/04	Date Accountant Report Submitted to State: 9/7/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Siegfried Crandall PC			
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
		ZIP 49002-5599	
Accountant Signature 			Date 9/7/04

Township of Flowerfield
County of St. Joseph, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2004

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined balance sheet - all fund types and account group	4
Statement of revenues, expenditures and changes in fund balance - budget and actual - General Fund	5
Notes to financial statements	6 - 9
SUPPLEMENTARY INFORMATION:	
Statement of revenues, expenditures, and changes in fund balance - budget and actual - General Fund	10 - 11
Statement of changes in assets and liabilities - Agency Fund	12

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Flowerfield, Michigan**

We have audited the accompanying general purpose financial statements of the Township of Flowerfield, Michigan, as of and for the year ended March 31, 2004, as listed in the contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Flowerfield, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund statements and other data, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Flowerfield, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Siegfried Crandall P.C.

July 21, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Township of Flowerfield**COMBINED BALANCE SHEET - all fund types and account group**

March 31, 2004

	<i>Governmental</i> <u><i>fund type</i></u> <u><i>General</i></u>	<i>Fiduciary</i> <u><i>fund type</i></u> <u><i>Agency</i></u>
ASSETS		
Cash	\$ 294,972	\$ 121,497
Receivables - taxes	3,933	-
Due from other funds	12,240	-
Due from other governmental units	14,552	-
Fixed assets	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 325,697</u>	<u>\$ 121,497</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Accounts payable	\$ 2,408	\$ 4,058
Due to other funds	-	12,240
Due to other governmental units	<u>2,750</u>	<u>105,199</u>
Total liabilities	<u>5,158</u>	<u>121,497</u>
FUND EQUITY:		
Investment in general fixed assets	-	-
Fund balance - unreserved, undesignated	<u>320,539</u>	<u>-</u>
Total fund equity	<u>320,539</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 325,697</u>	<u>\$ 121,497</u>

<u>Account group</u>	<u>Totals</u>
<u>General</u>	<u>(memorandum</u>
<u>fixed assets</u>	<u>only)</u>
\$ -	\$ 416,469
-	3,933
-	12,240
-	14,552
<u>47,261</u>	<u>47,261</u>
<u>\$ 47,261</u>	<u>\$ 494,455</u>
\$ -	\$ 6,466
-	12,240
<u>-</u>	<u>107,949</u>
<u>-</u>	<u>126,655</u>
47,261	47,261
<u>-</u>	<u>320,539</u>
<u>47,261</u>	<u>367,800</u>
<u>\$ 47,261</u>	<u>\$ 494,455</u>

See notes to financial statements

Township of Flowerfield**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - General Fund***Year ended March 31, 2004*

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes	\$ 47,600	\$ 48,148	\$ 548
Licenses and permits	11,900	12,892	992
State grants	120,000	108,655	(11,345)
Charges for services	2,200	1,725	(475)
Interest	3,000	1,926	(1,074)
Other	<u>1,000</u>	<u>2,366</u>	<u>1,366</u>
Total revenues	<u>185,700</u>	<u>175,712</u>	<u>(9,988)</u>
EXPENDITURES:			
Legislative	3,860	3,860	-
General government	89,814	77,788	12,026
Public safety	51,836	51,548	288
Public works	137,000	26,782	110,218
Community and economic development	3,125	2,244	881
Capital outlay	<u>65</u>	<u>59</u>	<u>6</u>
Total expenditures	<u>285,700</u>	<u>162,281</u>	<u>123,419</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,000)	13,431	113,431
FUND BALANCE - BEGINNING OF YEAR	<u>307,108</u>	<u>307,108</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 207,108</u>	<u>\$ 320,539</u>	<u>\$ 113,431</u>

See notes to financial statements

Township of Flowerfield
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Flowerfield, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements represent the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

b) Basis of presentation:

The accounts of the Township are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Township are recorded in the separate funds and account group, categorized, and described as follows:

i) Governmental fund:

General Fund - This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, state distribution, interest, and charges for certain services.

ii) Fiduciary fund:

Agency fund - This fund is used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

iii) Account group:

General fixed asset account group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Township of Flowerfield
NOTES TO FINANCIAL STATEMENTS (*Continued*)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*):

b) Basis of presentation (continued):

iii) Account group (continued):

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Also, expenditures are not divided between years by the recording of prepaid expenses.

d) Budgets and budgetary accounting:

The Township follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

The budget for the general fund is adopted at the activity level and is on a basis consistent with generally accepted accounting principles.

e) Receivables:

All receivables are estimated to be fully collectible as presented.

f) Property tax revenue recognition:

Property tax revenue is recognized in the year for which taxes have been levied and become available. Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14, with the final collection date of February 28, at which date the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township recognizes property taxes levied December 1 as revenue of the current year as such revenue is considered measurable and available net assets.

g) Totals (memorandum only):

The total column on the combined statements is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

Township of Flowerfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - CASH:

Deposits with financial institutions:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2004, the Township has deposits with a carrying amount of \$416,469 and a bank balance of \$417,680. Of the bank balance, \$100,000 is covered by federal depository insurance and \$317,680 is uninsured.

NOTE 3 - INTERFUND RECEIVABLE AND PAYABLE:

The amounts of interfund receivables and payables at March 31, 2004, are as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Fund</u>	<u>Interfund payable</u>
General	<u>\$12,240</u>	Tax Collection	<u>\$12,240</u>

NOTE 4 - GENERAL FIXED ASSETS:

The following is a schedule of changes in general fixed assets of the Township during the year ended March 31, 2004.

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2004</u>
Land	\$ 1,300	\$ -	\$ -	\$ 1,300
Buildings and improvements	14,205	-	-	14,205
Office furniture and equipment	<u>31,756</u>	<u>-</u>	<u>-</u>	<u>31,756</u>
INVESTMENT IN GENERAL FIXED ASSETS	<u>\$47,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$47,261</u>

NOTE 5 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township carries commercial insurance for the above risks of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal periods.

Township of Flowerfield
NOTES TO FINANCIAL STATEMENTS *(Continued)*

NOTE 6 - CONSTRUCTION CODE ACT:

A summary of the construction code enforcement transactions for the year ended March 31, 2004, is as follows:

Permit revenues	\$ 12,087
Inspection expenses	(11,737)
Indirect costs	<u>(704)</u>
Deficiency of revenues over expenses	\$ <u>(354)</u>

SUPPLEMENTARY INFORMATION:

Township of Flowerfield**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes:			
Property taxes	\$ 35,000	\$ 35,402	\$ 402
Administration fees	<u>12,600</u>	<u>12,746</u>	<u>146</u>
Total taxes	<u>47,600</u>	<u>48,148</u>	<u>548</u>
Licenses and permits:			
Building and other permits	11,500	12,087	587
Other licenses	<u>400</u>	<u>805</u>	<u>405</u>
Total licenses and permits	<u>11,900</u>	<u>12,892</u>	<u>992</u>
State grants - state shared revenue	<u>120,000</u>	<u>108,655</u>	<u>(11,345)</u>
Charges for services:			
Cemetery operations	1,000	300	(700)
Fire runs	1,000	1,400	400
Zoning fees	<u>200</u>	<u>25</u>	<u>(175)</u>
Total charges for services	<u>2,200</u>	<u>1,725</u>	<u>(475)</u>
Interest	<u>3,000</u>	<u>1,926</u>	<u>(1,074)</u>
Other	<u>1,000</u>	<u>2,366</u>	<u>1,366</u>
Total revenues	<u>185,700</u>	<u>175,712</u>	<u>(9,988)</u>
EXPENDITURES:			
Legislative - Township Board	<u>3,860</u>	<u>3,860</u>	<u>-</u>
General government:			
Supervisor	8,612	8,612	-
Assessor	15,000	14,453	547
Clerk	10,804	10,012	792
Treasurer	<u>12,904</u>	<u>12,827</u>	<u>77</u>

Township of Flowerfield**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):			
General government (continued):			
Cemetery	\$ 7,805	\$ 7,305	\$ 500
Township hall and grounds	2,850	355	2,495
Administration	30,939	23,729	7,210
Board of review	900	495	405
Total general government	<u>89,814</u>	<u>77,788</u>	<u>12,026</u>
Public safety:			
Fire and ambulance service	40,061	39,811	250
Building inspections	11,775	11,737	38
Total public safety	<u>51,836</u>	<u>51,548</u>	<u>288</u>
Public works - streets and highways	<u>137,000</u>	<u>26,782</u>	<u>110,218</u>
Community and economic development:			
Planning commission	1,700	1,044	656
Zoning board of appeals	1,425	1,200	225
Total community and economic development	<u>3,125</u>	<u>2,244</u>	<u>881</u>
Capital outlay	<u>65</u>	<u>59</u>	<u>6</u>
Total expenditures	<u>285,700</u>	<u>162,281</u>	<u>123,419</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,000)	13,431	113,431
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FUND BALANCE - END OF YEAR	<u>\$ 207,108</u>	<u>\$ 320,539</u>	<u>\$ 113,431</u>

Township of Flowerfield**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Agency Fund**

Year ended March 31, 2004

	<i>Balance April 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance March 31, 2004</i>
TAX COLLECTION FUND				
ASSETS				
Cash	<u>\$ 11,384</u>	<u>\$ 950,255</u>	<u>\$ 840,142</u>	<u>\$ 121,497</u>
LIABILITIES				
Due to other funds	\$ 11,384	\$ 34,118	\$ 33,262	\$ 12,240
Due to other governmental units	-	911,623	806,424	105,199
Due to others	<u>-</u>	<u>4,514</u>	<u>456</u>	<u>4,058</u>
TOTAL LIABILITIES	<u>\$ 11,384</u>	<u>\$ 950,255</u>	<u>\$ 840,142</u>	<u>\$ 121,497</u>